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## National Intelligence Daily (Cable)

20 March 1982

Intelligence

**Top Secret** 

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20 March 1982

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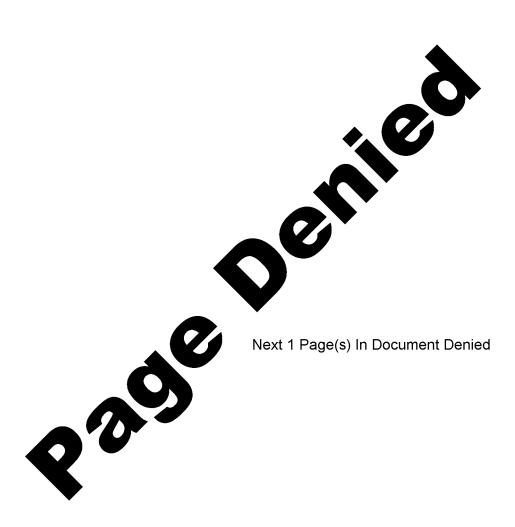
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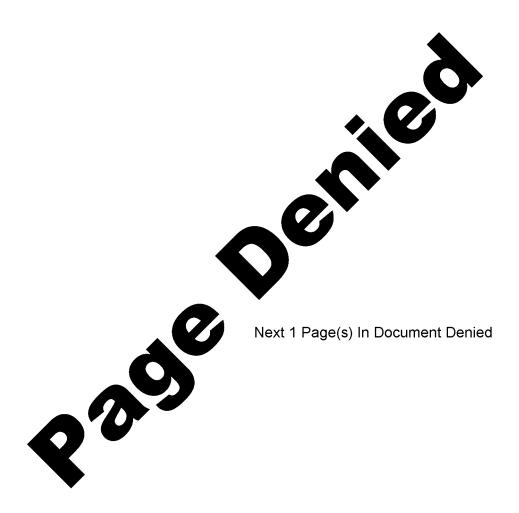
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USSR: Financing for Grain Purchase	es
The USSR's cash payments problem is costly short-term financing to pay for Wes	forcing Moscow to turn to tern grain. 25
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//The Soviets in the past have ally all of their grain purchases. they have arranged financing for ab \$5 billion worth of grain already cactually received from Western exportance are expected to order an addit tonsworth about \$1.5 billionby	This year, however, out a fifth of the contracted for or or increase october. ional 11 million
the F said that it would provide governme for future sales of French grain. requested officially backed credits from Argentina.	Moscow already has
Comment: Faced with its hard the USSR probably will continue to short-term Western bank credits to bill over the next few months. Acc French credits would save the USSR tage points in financing transaction	rely heavily on finance its grain ess to official about 4 to 5 percen-

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FRANCE: Cantonal Elections	
French voters return to the polls tomorrow for the runoff round in the cantonal elections.	25 <b>X</b> 1
//In the preliminary round last Sunday, the center and rightist parties narrowly edged out the leftists, 49.9 percent to 49.6 percent. President Mitterrand's Socialists led all parties with 29.9 percent, their best showing ever at this level but well below the 37.5 percent they won in the national election last spring.	•
The Communists' 15.9-percent share repeated their poor showing last year.//	25 <b>X</b> 1
//Giscard forces led the center and rightist parties with 18.8 percent of the vote, followed by the Gaullists with just under 18 percent. Former President Giscard won handily.//	25 <b>X</b> 1
//The Socialists are disappointed, although they paced the field. Both they and the opposition view the cantonal elections as a referendum on Socialist policies at the national level. President Mitterrand called the first-round results a failure, even though his firm grip on power at the national level is not directly affected.//	25 <b>X</b> 1
Comment: //The slim margin of victory provides added incentive for cooperation between Gaullist and Giscard forces. For the left as a whole, the first round is being compared to the 55 percent it won in the legislative elections last June and the 52.5 percent it won in most of these same cantons in 1976, and the results will be considered a setback. The key is the drop in support for the Communists, who last week attracted 7 percent less of the vote than in 1976.//	25 <b>X</b> 1
//The left probably will fall well short of its goal of controlling a majority of the departmental council presidencies, despite the government's recent reapportionment of the cantons and the closeness of the popular vote. This would be particularly disappointing in view of the newly enacted Socialist measure giving greater powers to council presidents.//	25 <b>X</b> 1
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INTERNATIONAL: Law of the Sea Conference	
//The initiative in the Law of the Sea Conference passed this week to an ad hoc group of 10 nations led by Australia, Canada, Denmark, and Norway. The conference leadership has accepted the group's offer to draft compromise proposals on seabed mining to help narrow the gap between the major industrial states and the Group of 77. Earlier the developing countries had rejected the US amendments, which would guarantee access to seabed mineral deposits and assure the US a voice in the new international authority commensurate with US economic interests. Support for the US by the UK, West Germany, France, Japan, Belgium, and Italy, who plan to sponsor corporate miners, kept the issue open.//	25X
Comment: //Although the creation of the 10-state group is a potentially favorable development for the US, the members may produce texts that would divide the seabed miners. The group might propose enough improvement in the seabed provisions to lure the UK, France, and Japan away from the US, West Germany, and Belgiumthe severest critics of the draft convention.//	25X
Vietnamese forces on Wednesday overran Sok Sonn, the strongest anti-Communist resistance base in Kampuchea. The base was the southern headquarters of Son Sann's Khmer People's National Liberation Front. It was defended by approximately 1,600 military personnel, about 20 percent of the Front's forces. Press reports claim that several thousand civilians from Sok Sonn have fled toward the Thai border.	25X
Comment: The Vietnamese now may concentrate more forces against the Front's only other major base opposite the Thai village at Ban Sa Ngae, where approximately 5,000 resistance troops are located. A major battle there could involve Thai troops. The loss of Sok Sonn could cause Singapore and Malaysia to abandon plans to provide arms and other material to build up the Front as an alternative to the Democratic Kampuchean resistance forces.	25X
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might come "very soon."

USSR-BOTSWANA: Military Aid Offer		
The Deputy Commander of the Botswana has told a US Embassy officer that the US Botswana military equipment free of cost. specify, however, the type or amount of a cial also expressed renewed interest in U transport aircraft, helicopters, artiller	SR has offere He did not id. The offi S long-range y, and commun	d - i-

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Comment: //The officer may be exaggerating the offer made by the Soviets, who are not known to extend free military aid. Nonetheless, the USSR has been seeking closer relations with Botswana in the last several years. In December 1980 it sold Botswana military equipment, including armored personnel carriers. The Botswanans have rejected other Soviet offers of military and economic assistance, however, for fear of incurring South African displeasure and may reject this one.//

cation equipment and hoped that a US offer for such aid

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SPECIAL ANALYSIS		
INTERNATIONAL: Reactions to Mexican	Peace Plan	÷
//President Lopez Portillo's peace pla has elicited a positive reaction in Western The few Latin American official responses al able, with El Salvador the notable exception	Europe and the USSR. Lso a <u>re mainly favo</u> r-	, 25X
The plan for easing regional teroutlined in a speech by the Mexican I in Managua, seeks to promote a US-Cub provement in relations between Nicara a negotiated settlement in El Salvado concentrate on Nicaragua, calling for the use of force there and for curbin elements based in Honduras and the US	President last month can dialogue, an im- agua and the US, and or. His proposals r US renunciation of agua anti-Sandinista	25X
In return, the Sandinistas would forces and weapons inventory. These be confirmed through nonaggression paits neighbors, and the US. Mexican I Castaneda has subsequently added that cease aiding insurgents in Central Ar	arrangements would acts among Nicaragua, Foreign Secretary t Managua also should	25X
In Central America, reactions to and limited. Salvadoran President Du it is naive to expect Marxist revolutions and faith and to believe that Mexico such groups. Duarte rules out negotionsurgents but still calls for a dialog to a cease-fire and an amnesty for the accept the democratic process.	uarte implies that tionaries to act in o has leverage over iations with the in- gue that would lead	25X
A member of Nicaragua's jurcated that his government supports Loposal. The government-owned TV networeported that the meetings between Someting and Castaneda apparently resultingness to negotiate if Nicaragua word agreements in exchange for a cessation anti-Sandinista operations.	opez Portillo's pro- ork on Wednesday ecretary of State ed in a new US will- uld sign nonagression	25X
The Sandinistas, however, beliefive-point proposal made in February	was a major peace	
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offering. It proposed nonaggression and mutual security agreements with Honduras and Costa Rica but did not mention limiting the military buildup or aid to the Salvadoran insurgents. Moreover, Sandinista leaders were distressed by Lopez Portillo's mention of Nicaraguan arms reduction in his speech.
//Costa Rica's generally favorable reaction to the Mexican plan reflects its alarm over Nicaragua's military buildup and concern that conflict will spill across its borders. President-elect Monge also apparently worries that a rightist electoral victory in El Salvador would strengthen the insurgents and ultimately force US intervention. He appears to see a solution in El Salvador as central to preventing East-West conflict in the region and has asserted that postelection negotiations between the new government and the insurgents are imperative.//
In the Caribbean, the Jamaican Government is likely to share the US position. Although Dominican President Guzman probably will also support US policy, most members of his party will back the Mexican plan. Grenada has publicly supported the plan, and Suriname's self-proclaimed revolutionary leaders are likely to adopt the same posture.
Lopez Portillo's speech received Havana's supreme stamp of approvalpublication in full the following day in the Communist party's daily newspaper. President Castro's message of congratulation to Lopez Portillo pledged cooperation in bringing peace to the region but offered no specifics. Instead, it put conditions on Cuba's participation that Castro knows would be unacceptable to the US.
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Castro's warm treatment of the initi signed primarily to obtain maximum propage Havana probably also sees it as a useful for the Sandinistas to consolidate their other insurgents in the region to mobilize opinion against US involvement.	ganda mileage. way to buy time rule and for	25X
The USSR quickly welcomed Lopez Port ble proposals," but it has recently becompartly because of misgivings about restrimilitary buildup. Nonetheless, the Sovie Mexico by taking a generally favorable at	ne more cautious, cting Nicaragua's ets hope <u>to woo</u>	, 25X
The Soviets are carefully supporting ideas in the proposals, but they are using trast their advocacy of peace in Central US reluctance to accept the Mexican packate probably believes that the proposals would Washington's actions and would stimulate debate in the US over possible settlements.	ng them to con- America with nge. Moscow nd restrict a domestic	25X
West European Attitudes		
//The plan is drawing wide support fatives and socialists in Western Europe. that Mexico, with its regional power and independence, is especially well placed to tion effort.//	They believe foreign policy	25X
//President Mitterrand endorses the ing that the current tension has to be renegotiations between the US and Nicaragua believes that it has a special relationsh	educed through France also	25X
		25X
Moderate British Labor Party leader Denis introduced a parliamentary resolution supproposal.		* 25X
		25 <b>X</b> 1

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